

THE ECONOMY OF INDO-CHINA

1924 to 1929 rubber plantations had—nominally—increased at the rate of 15*000 hectares per year. Only about a fourth of these concessions had reached the stage of being *en scagnee*, realizing by 1931 only 12,000 tons of crude rubber. By 1940, under normal conditions, this amount should be more than trebled* but in 1936 Indo-China began restricting her rubber output, Indo-China is justly proud of so rapid a development,, but the depression has caused most of the plantations to run at a deficit. The colony is, of course, only a small rubber producer in the world market, and so is proportionately far less affected than her southern neighbours. The depression has brought a 25 per cent shrinkage in the plantations as a whole. At the time the depression struck the peninsula, rubber played an infinitesimal role in the colony's prosperity in comparison with rice, but since then a general shake-up has occurred. Rubber, which formerly was IndoChina's second export, fell in 1932 to fourth place, behind coal and corn, but in 1935-36 was rapidly regaining its former status. The United States, its biggest client, was consuming less and less when formerly it had absorbed two-thirds of the world output. It was a curious paradox that the price of rubber and the amount of exports were decreasing at a time when its quantity was automatically increasing, due to state aid. Indo-Chinese planters had long before carried their grievances to Paris, where they demanded protection against foreign rubber. Four times Parliament rejected such proposals (1911-22), and in 1930 did so again. The government, however, was willing to place a small temporary tax upon foreign rubber, so as to allow the planter to make up the deicit between the cost and the sale price. Planters also encountered

opposition from French industrialists. A compromise was ultimately reached in March 1931 with a sliding scale of duty permitted in each colony which varied with market conditions. A reserve fund was created for each colony whose functioning was highly complex. France showed itself willing to go to a certain point but no farther in its quest for rubber independence. In 1935 the government pledged itself to restrict esportations of rubber beyond 30,000 tons, but this was not felt by the planters till 1936. This new effort at international restriction has since raised the price. Simultaneously exports have increased and the planters have cut down their cost price to an appreciable extent. Undoubtedly the government's announcement of an end to the bonus system in 1933, and the work of the Saigon Rubber Bureau founded in 1934 have had a great influence in obtaining this result. The 1934 conducted by the Rubber Bureau shows that the total area tinea